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China, Peoples Republic of

Market Development Reports

Jinan (Shandong) Tikou Road Fresh Fruit

Wholesale Market

2001

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Report Highlights:

Jinan, capital of Shandong province, is another link in the distribution chain for imported fruit coming out of Guangdong province. Distributors at the Tikou Road market prefer buying their imported fruit from Guangdong importers rather than directly importing.

Includes PSD changes: No
Includes Trade Matrix: No
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Jinan is the capital of Shandong province, one of China's major fruit producing provinces. It is also another link in the countrywide distribution chain for imported fresh fruit coming out of Guangdong province. A wide variety of imported fruit is available in Shandong, despite the province's large yearly production of fresh fruit. Shandong in 1999 produced 6,432,800 tons of apples, 362,600 tons of grapes, and 857,800 tons of pears.

The Jinan city market where imported fruit is available is the Tikou Road Fruit Wholesale Market. Altogether four distributors of imported fruit operate at this market and a couple of them have been in operation for many years. One distributor claims to have been in the fruit distribution business for ten years, but never indicated whether he had been handling imports throughout this whole time period.

While most fruit sellers at the market operate out of open stalls, the imported fruit distributors are located on the first floor of a building that closely resembles an office tower. Each distributor has their own floor space which usually is less than ten by ten meters square and displays their imported fruit in the original packing boxes. Some of the distributor maintain their own cold storage facilities off the premises, while others rent from the market management's facilities. Market authorities operate their own facilities, including a 1,500 ton capacity "constant temperature" storage facility and a 500 ton capacity "low temperature" storage facility.

During Post's visit in mid August, a wide variety of imported fruit was available to visiting buyers. Included were: grapefruit, lemons, oranges, pears, plums, kiwifruit, tangerines, star fruit, and dragon fruit. Most products for sale at that time originated from the southern hemisphere countries, including New Zealand, Chile, South Africa, and Uruguay. According to a couple of the distributors, table grapes and oranges usually are their best sellers. The only U.S. fruit for sale at that time was plums. In regards to plums, one distributor remarked that they called the plums "bulan", especially the black and dark purple varieties. He further mentioned that if they used the term "black" plum, its sales would plummet.

The general wholesale prices for most fruits available at the market, including imported fruits, are listed everyday on two separate outside boards. On 16 August 2000, the boards included prices for imported apples, grapefruit, grapes, and oranges. These prices were ten RMB (\$ 1.21) per kilogram for apples, 15 RMB (\$ 1.82) per kilogram for grapefruit, 17 - 24 RMB (\$ 2.06 - 2.91) per kilogram for grapes, and ten to twelve RMB (\$ 1.21 - 1.45) per kilogram for oranges. On the same day, general wholesale prices for local apples ranged from 0.80 RMB to 4.00 RMB (\$ 0.10 - 0.48) per kilogram and for local grapes from 1.00 RMB to 2.80 RMB (\$ 0.12 - 0.34) per kilogram. No locally produced citrus fruit prices were available. The U.S. Dollar during August equaled 8.26 Chinese RMB.

The distributors presently buy most of their imported fruit from the Guangdong wholesale markets in Huadu and Lishui. None of the interviewed distributors indicated a preference between the two markets. In addition, they often do not use agents stationed in Guangdong to make their purchases. Instead, when more product is needed, they fly down to Guangdong province, make their purchases, and then arrange truck shipment of their products to Jinan. According to these distributors, truck

transportation from Guangdong to Jinan takes approximately two days. One distributor says that he goes to Guangdong to buy imported fruit two to three times a month, sometimes more during high sales periods. One distributor mentioned that his main customers were hotels, supermarkets, and street hawkers.

Whether these distributors will continue to buy from the Guangdong imported fruit markets is uncertain. Many of the distributors have heard about the new imported fruit market that recently opened in Beijing, the Beijing International Premium Fresh Fruit Central Wholesale Market, and are interested in sourcing from this market. The shorter distance between Beijing and Jinan compared to that between Guangdong and Jinan was the most often cited reason.

According to one distributor, the market in and around Jinan has not been good for the last couple of years. He cited decreased consumer spending and increased local fruit harvests as the main reasons for the situation. He further mentioned that China's upcoming entry into the World Trade Organization should affect his business, particularly in regards to pricing, but will not have any major impact on his business in the near future.

(Note: Since the writing of this report, the Beijing International Premium Fresh Fruit Central Wholesale Market in Beijing has closed. It was open for only a couple of months before financial problems led to its closure.)